

PUBLIC DISCLOSURE

MAY 7, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UNIBANK FOR SAVINGS

**49 CHURCH STREET
WHITINSVILLE, MA 01588**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **UNIBANK FOR SAVINGS (Unibank)** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **MAY 7, 2001**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated " High Satisfactory "

UniBank for Savings performance as measured by the Lending, Investment, and Service Tests warranted a High Satisfactory rating. The following summary highlights the results of the bank's efforts.

Under the Lending Test, the bank is assigned an overall "High Satisfactory" primarily based on the bank's strong performance in providing mortgage loans to low and moderate-income borrowers, and commercial loans to small businesses as well as the use of several innovative and flexible lending programs. Approximately 55 percent of the mortgage loans and 57.6 percent of the small business loans were made in the assessment area. Lending was well distributed throughout the assessment area. The bank's distribution of its home mortgage loans among borrowers of different income levels was excellent given the assessment area's demographics and the comparison to all other Home Mortgage Disclosure Reporters (HMDA)-reporting lenders within the assessment area. The bank's small business loan distribution among businesses of different sizes is also considered good. The bank's community development lending is considered adequate for an institution of its size and resources.

Under the Investment Test, the bank is rated "High Satisfactory". The bank has provided a good level of qualified investments in the form of charitable contributions/grants to community organizations and CRA targeted mortgage-backed securities. These qualified investments demonstrate the bank's responsiveness to its assessment area's credit and community development needs.

Under the Service Test, the bank is rated “High Satisfactory”. The bank has demonstrated a good responsiveness in providing qualified community development services as defined by the CRA regulation. Unibank offers services and products tailored to meet the convenience and needs of the entire assessment area.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **UNIBANK FOR SAVINGS** located in **Whitinsville, MA** with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Unibank for Savings			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Unibank for Savings (Unibank) was originally incorporated under the laws of the Commonwealth of Massachusetts as a mutual savings bank in 1871. On January 1, 1998, the bank converted to stock form and became a wholly owned subsidiary of UFS Bancorp. In 1999, Unibank Fiscal Advisory Services, Inc. was formed as a second subsidiary. In January 2001, Sterling Associates was acquired and formed the third subsidiary of the holding company. The bank is headquartered at 49 Church Street in Whitinsville, Massachusetts. Whitinsville is one of three villages located in the Town of Northbridge. The bank also operates full service branches in Blackstone, Douglas, Upton, and Uxbridge. The bank closed one branch located in the Town of Grafton in March of 1999.

According to the March 31, 2001 FDIC Quarterly Call Report, Unibank had \$453 million in assets with deposits of \$412 million and loans of \$234 million. Approximately, 80 percent of the bank's loan portfolio is in real estate loans with 57.9 percent of those loans secured by 1-4 family real estate. The bank maintains approximately 5.5 percent of the loan portfolio in commercial loans and 16.6 percent in consumer loans. Table 1 details the bank's portfolio by type.

Loan Portfolio

Table 1

Loan Type	Amount (000s)	Percent
Residential Mortgages	135,474	57.9
Consumer Loans	38,793	16.6
Commercial Real Estate	20,882	8.9
Construction and Land Development Loans	13,002	5.6
Commercial Loans	12,912	5.5
Equity Lines of Credit	12,139	5.2
Multifamily (5 or more) Residential Properties	805	0.3
Total Gross Loans	234,007	100.0%

Source: March 31, 2001 Consolidated Report of Condition.

The bank's quarterly loan-to-deposit ratio was 66.3 percent on June 30, 1999 and declined to 56.5 percent on March 31, 2001. The decrease was due to the bank's creation of a municipal department that originates and services municipal deposits. The decrease was also partially due to the low fixed rate environment that resulted in refinances of variable rate loans, which the bank sold in the secondary market. The bank has taken measures to offset the increase in municipal deposits, by purchasing manufactured and mobile homes loans.

There appears to be no financial or legal impediments that would limit the bank's ability to meet the credit needs of the assessment area. Unibank's performance under the Community Reinvestment Act (CRA) was assigned a "Satisfactory" CRA rating at the previous FDIC examination dated December 17, 1999. The Commonwealth of

Massachusetts Division of Banks assigned a rating of "Outstanding" at the examination dated July 7, 1998.

Unibank has strong competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Milford Federal Savings & Loan; Savers Co-operative Bank, as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the bank's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, indicates there are 325 lenders including mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions who have either originated or purchased residential mortgage loans within the bank's assessment area.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

Unibank's assessment area consists of the towns of Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Sutton, Upton, and Uxbridge. The towns of Blackstone, Hopedale, Mendon, Millville, and Upton are located within the Boston Metropolitan Statistical Area (MSA), and the remaining communities are located within the Worcester Metropolitan Statistical Area (MSA).

The assessment area contains twenty-four census tracts: 2 are designated as upper-income, 16 as middle-income and 6 have no income designation (N/A). There are no low or moderate-income census tracts in the assessment area. One census tract with the N/A designation is located in the Town of Grafton and contains the Tufts University School of Veterinary Medicine and two youth facilities.

According to 1990 census data, the assessment area has a total population of 85,881 individuals. There are 30,834 households in the assessment area. A household is defined as all persons occupying a housing unit. Of the households, 23,580 constitute families.

Refer to Table 2 regarding other housing characteristics.

Table 2 – Selected Housing Characteristics by Income category of the Geography

Geographic Income Category	Percentage					
	Census Tracts	Households	Housing Units	Owner- Occupied	Rental Units	Vacant Units
Middle	16	27,016	28,690	19,041	7,982	1,667
Upper	2	3,818	4,030	3,031	798	201
Total	18	30,834	32,720	22,072	8,780	1,868

Source: U.S. Census

The median family income for the Boston MSA for 1999, 2000 and 2001 was \$62,700, \$65,500, and \$70,000 respectively. The median family incomes for the Worcester MSA for 1999, 2000 and 2001 was \$52,600, \$54,400, and \$57,000 respectively. The income figures are based on estimated Department of Housing and Urban Development (HUD) information.

The housing stock available to households in the assessment area is predominately 1-4 family owner occupied housing (88.5 percent). Much of the area's housing stock is older and built prior to 1950. The median housing value in the assessment area is \$142,616. This figure is based on 1990 Census data. However, a more accurate figure was obtained using the year-to-date 2001 housing statistics from the April 9, 2001 Bankers and Tradesman. According to this publication, the year-to-date median housing value in the assessment area is \$185,537.

The Town of Northbridge is located in Southern Worcester County. Northbridge is 13 miles southeast of the City of Worcester and 38 miles southwest from the City of Boston. Northbridge was incorporated as a township in 1772. The Blackstone and Mumford Rivers run through the town and most of the Blackstone Valley. In the early 1800's, numerous industrial developments were established along the riverbanks of these rivers. The most notable was the Whitin Machine Works, which was the world's largest manufacturer of textile mill machinery. The mill closed in the late 1970's and the property is currently home to about 35 separate companies.

The economy of the assessment area is positive, with high technology companies providing significant contributions to job growth in the area towns. The completion of the Route 146/ Massachusetts Turnpike interchange will continue to make this area of the state the fastest growing. However, affordability is becoming an increasing problem in the area. Close proximity to routes 146, 495, and 90, as well as good schools and significant job growth have contributed to a serious shortfall of affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Unibank for Savings's Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage loans and small business loans originated during 1999, 2000, and year-to-date April 15, 2001 were included in the bank's performance. In addition, upon bank management's request, home equity lines of credit originated during the same period were included in the bank's evaluation.

The data used to evaluate the bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/Loan Application Register) and the bank's CRA Disclosure Statement.

I. Lending Activity

Unibank's lending activity and record of extending credit were reviewed during the examination. The bank's lending levels reflect acceptable responsiveness to the assessment area's credit needs. The bank's assets totaled \$453 million as of March 31, 2001. Gross loans totaled \$233 million representing 51.5 percent of total assets.

As of March 31, 2001 the net loan to deposit ratio was 55.3 percent. This ratio has decreased from 59.7 percent as of March 31, 2000. The decreasing loan-to-deposit trend is the result of the institution of the bank's municipal department, which accepts deposits from cities and towns. Deposits have increased by 21.3 percent, while net loans have increased by only 12.3 percent since its establishment. As of June 30, 2000, the bank has accepted \$126 million dollars in deposits from 123 municipalities.

According to the December 31, 2000, Uniform Bank Performance Report (UBPR), the bank's net loan to deposit ratio was 59.9 percent. The peer group's net loan to deposit ratio was 89.0 percent, placing the bank in the 12th percentile.

The bank's net loans and leases as a percent of assets, as reported in the December 31, 2000, Uniform Bank Performance Report (UBPR), was 54.5 percent. The peer group's net loan to asset ratio was 67.3 percent, placing the bank in the 19th percentile. The bank's ratio is lower than peer, however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

Unibank's Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During the period reviewed, the bank originated and purchased 1,024 HMDA-reportable loans totaling \$128 million. Of these loans, 566 or 55.3 percent totaling \$74 million or 57.9 percent of the dollar volume were originated and purchased in the bank's assessment area.

By number, Northbridge, accounted for the largest number of originations with 15.8 percent, followed by Uxbridge with 11.8 percent. Northbridge also accounted for the largest dollar volume of originations with 15.7 percent, followed by Uxbridge with 11.4 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Table 3 – Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	313	60.1	40,433	61.0	208	39.9	25,860	39.0
2000	157	45.0	20,938	51.0	192	55.0	20,138	49.0
2001	96	62.3	13,063	61.9	58	37.7	8,055	38.1
Total	566	55.3	74,434	57.9	458	44.7	54,053	42.1

Source: HMDA/LAR, CRA Wiz

In 1999, Unibank ranked second in market share for all 325 HMDA reportable lenders in the assessment area. Unibank originated and purchased 313 loans in the assessment area giving the bank a 5.0 percent market share. The top lender in the assessment area was Milford Federal Savings and Loan with 432 loans and a 7.0 percent share of the market.

Small Business Lending

Unibank's Small Business Loans Registers (SBLRs) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this analysis, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to

US addressees, as defined in the FDIC Call Report Instructions.” The bank originated 198 small business loans totaling \$17 million during this period. A total of 114 loans totaling \$9 million were originated to businesses within the bank’s assessment area, representing 57.6 percent by number and 56.2 percent by dollar volume. The following table details the distribution of small business loans inside and outside the assessment area.

Table 4 – Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	58	74.4	4,024	46.7	20	25.6	4,600	53.3
2000	47	42.3	5,213	65.5	64	57.7	2,751	34.5
2001	9	100.0	193	100.0	0	0.0	0	0.0
Total	114	57.6	9,430	56.2	84	42.4	7,351	43.8

Source: CRA Data Collection

As shown in the above table, the small business loan distribution reflects an acceptable responsiveness to the assessment area’s credit needs.

Home Equity Lines of Credit

A review of Unibank’s CRA Data Listing for Home Equity Lines of Credit was conducted. For the period under review, the bank originated a total of 311 Home Equity Lines of Credit totaling \$ 14 million. Of the loans, 245 or 78.8 percent were originated within the bank’s assessment area.

Refer to the following table for additional information regarding the bank's home equity lines of credit, by both number and dollar volume.

Table 5 – Distribution of Home Equity Lines Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	137	82.0	5,230	76.8	30	18.0	1,583	23.2
2000	94	75.8	4,163	66.7	30	24.2	2,083	33.3
2001	14	70.0	614	71.1	6	30.0	250	28.9
Total	245	78.8	10,007	71.9	66	21.2	3,916	28.1

Source: Home Equity Line Register

As indicated in the above table, the majority of loans, by both number and dollar amount, were originated inside the bank's assessment area.

The bank's residential and small business lending as well as home equity lines of credit are considered reasonable.

II. Geographic Distribution

HMDA-Reportable Lending

HMDA-reportable loans located within the bank's assessment area were further analyzed to determine the location by census tract income level. The assessment area is comprised of 24 census tracts: 6 or 25.0 percent are designated as NA; 16 or 66.7 percent as middle-income; and 2 or 8.3 percent as upper-income.

The six census tracts designated as NA were not used to evaluate the bank's performance in this category because of the extremely limited lending potential.

The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the number of loans in comparison to the number of owner-occupied housing units in each census tract income category.

Table 6 – Distribution of HMDA Loans by Income Category of the Census Tract									
Census Tract Income Level	% Total Owner-Occupied Housing Units	1999		2000		2001		Total	
		#	%	#	%	#	%	#	%
Middle	86.3	291	93.0	147	93.6	94	97.9	532	94.0
Upper	13.7	22	7.0	10	6.4	2	2.1	34	6.0
Total	100.0	313	100.0	157	100.0	96	100.0	566	100.0

Source: U.S. Census, HMDA LAR

As shown in the above table, 94.0 percent of the bank's total loans were within middle-income census tracts and 6.0 percent within upper-income census tracts. These numbers indicate that the activity in these census tracts is proportional to the percentage of owner-occupied housing units in the assessment area.

The geographic distribution of the bank's loans by census tract income category may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

Table 7- Distribution of HMDA Reportable Loans Unibank Compared to Aggregate Reporters								
Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Unibank for Savings		Aggregate Reporters		Unibank for Savings		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Middle	291	93.0	4,558	80.8	35,977	89.0	529,580	77.7
Upper	22	7.0	1,075	19.1	4,456	11.0	151,190	22.2
NA	-	-	5	0.1	-	-	644	0.1
Total	313	100.0	5,638	100.0	40,433	100.0	681,414	100.0

Source: HMDA Aggregate Data

As shown above, Unibank originated a much higher percentage of loans in middle-income census tracts than did the aggregate.

Small Business Lending

Unibank's small business loans were analyzed to determine the distribution by census tract income level within its assessment area.

The following table depicts this distribution.

Table 8 – Distribution of Small Business Loans by Income Category of the Census Tract								
Census Tract Income Level	1999		2000		2001		Total	
	#	%	#	%	#	%	#	%
Middle	55	94.8	42	89.4	9	100.0	106	93.0
Upper	3	5.2	5	10.6	0	0.0	8	7.0
Total	58	100.0	47	100.0	9	100.0	114	100.0

Source: CRA Data Collection

As shown above, the majority of small business loans were made in middle-income census tracts which is proportionate to the make-up of the assessment area.

Home Equity Lines of Credit

An analysis of the bank's home equity lines of credit also demonstrated that a large majority of the bank's home equity lines were made in middle-income census tracts. Approximately, 93.9 percent of the number and 92.8 percent of the dollar amount of the bank's equity lines were made in middle-income census tracts.

Based on the above information, the bank's distribution of HMDA-reportable loans, small business loans and home equity lines of credit by census tract income level reflects a good distribution of loans throughout the assessment area.

III. Borrower Characteristics

Unibank's residential loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers' reported incomes were compared to the median family incomes of the Boston and Worcester Metropolitan Statistical Areas (MSA) as mentioned earlier.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows the number of HMDA-reportable loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group.

Table 9 – Distribution of HMDA Loans by Borrower Income									
Median Family Income Level	% Total House holds	1999		2000		2001		Total	
		#	%	#	%	#	%	#	%
Low	19.6	12	3.9	6	3.8	4	4.2	22	3.9
Moderate	13.6	41	13.1	37	23.6	18	18.8	96	17.0
Middle	21.2	102	32.6	48	30.6	26	27.1	176	31.1
Upper	45.6	156	49.8	66	42.0	46	47.9	268	47.3
NA	-	2	0.6	0	0.0	2	2.0	4	0.7
Total	100.0	313	100.0	157	100.0	96	100.0	566	100.0

Source: U.S. Census, HMDA LAR

The bank extended 22 loans to low-income borrowers representing 3.9 percent of total loans within the assessment area. These loans represent 1.1 percent, by dollar amount, of the total loans originated and purchased within the assessment area during this period. This is well below the 19.6 percent of low-income households within the assessment area. However, there are mitigating factors that account for this disparity, including the competition, the percentage of people living below the poverty level, as well as the high cost associated with purchasing a home in the area.

In addition, the bank extended 96 loans to moderate-income borrowers, representing 17.0 percent by number as shown above. These loans represent 11.2 percent by dollar

amount of the bank's total originations and purchases within its assessment area. The number of loans is above the 13.6 percent of moderate-income households within the assessment area.

The majority of loans, 47.3 percent were made to upper-income borrowers, while 31.1 percent were made to middle-income borrowers.

The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reporters in the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

Table 10- Distribution of HMDA Reportable Loans Unibank Compared to Aggregate Reporters								
Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Unibank for Savings		Aggregate		Unibank for Savings		Aggregate	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	12	3.9	181	3.2	330	0.8	12,016	1.7
Moderate	41	13.1	805	14.3	3,197	7.9	71,950	10.6
Middle	102	32.6	1,426	25.3	11,583	28.6	153,838	22.6
Upper	156	49.8	2,244	39.8	25,178	62.3	323,570	47.5
NA	2	0.6	982	17.4	145	0.4	120,040	17.6
Total	313	100.0	5,638	100.0	40,433	100.0	681,414	100.0

Source: HMDA Aggregate Data

The distribution of the bank's residential loans to low-income borrowers is comparable to that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income marginally exceeds the aggregate by number for 1999. The bank originated 3.9 percent by number and 0.8 percent by dollar amount of the total loans within the assessment area to borrowers of low-income, compared to the aggregate with 3.2 percent by number and 1.7 percent by dollar amount.

HMDA-reportable loans to moderate-income borrowers accounted for 13.1 percent by number and 7.9 percent by dollar amount within the assessment area. Both number and dollar amount are slightly below that of the aggregate. However, it should be noted that the aggregate numbers include a substantial percentage of loans that fall in the N/A category, or roughly 17.4 percent. Unibank for Savings has only 2 loans within that category or .6 percent. This large percentage of N/A loans obviously affects the distribution of aggregate loans and therefore the comparison to the aggregate performance.

According to PCI Services CRA Wiz, Unibank was ranked first in market share in lending to low-income individuals in the assessment area in 1999. The bank originated 12 loans to low-income borrowers capturing 6.2 percent of the market. The bank was also ranked third in 1999 with 41 originations to moderate-income borrowers capturing 4.9 percent of the market.

Small Business Lending

The small business loans originated within the bank's assessment area were further analyzed to determine the typical loan amount at origination. A majority of the 114 small business loans originated in the bank's assessment area, or 78.9% of the total, had original loan amounts of \$100,000 or less. The following table depicts the distribution of small business loans within the bank's assessment area by loan amount at origination.

Table 11 – Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	1999		2000		2001		Total	
	#	%	#	%	#	%	#	%
< \$100	48	82.8	33	70.2	9	100.0	90	78.9
\$100 - \$250	7	12.1	7	14.9	0	0.0	14	12.3
> \$250 - \$1,000	3	5.1	7	14.9	0	0.0	10	8.8
Total	58	100.0	47	100.0	9	100.0	114	100.0

Source: CRA Data Collection

By dollar amount of loans, 30.8 percent had amounts less than or equal to \$100,000 and 23.0 percent had loan amounts between \$100,000 and \$250,000. The remaining 46.2 percent had loan amounts greater than \$250,000.

Small business loans originated within the bank's assessment area, during this period, were also analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses, whose annual revenues were \$1 million or less, indicating that the bank is focusing on the credit needs of small and medium-sized businesses. Refer to the table below.

Table 12 – Distribution of Small Business Loans by Gross Annual Revenues of Business

Gross Annual Revenues (000s)	1999		2000		2001		Total	
	#	%	#	%	#	%	#	%
<= \$1,000	53	91.4	36	76.6	8	88.9	97	85.1
> \$1,000	5	8.6	11	23.4	1	11.1	17	14.9
Total	58	100.0	47	100.0	9	100.0	114	100.0

Source: CRA Data Collection

Home Equity Lines of Credit

In addition, Unibank's home equity lines of credit originated within the bank's assessment area were further analyzed to determine the distribution of lending by borrower income level at origination. A total of 10 home equity lines of credit were originated to low-income borrowers during the period under review representing 4.1 percent of the total number of loans. In addition, 26 or 10.6 percent of the lines were originated to moderate-income borrowers. Refer to the table below.

Table 13 – Distribution of Home Equity Lines of Credit by Borrower Income

Median Family Income Level	% Total House holds	1999		2000		2001		Total	
		#	%	#	%	#	%	#	%
Low	19.6	7	5.1	2	2.1	1	7.1	10	4.1
Moderate	13.6	21	15.3	4	4.3	1	7.1	26	10.6
Middle	21.2	36	26.3	22	23.4	3	21.5	61	24.9
Upper	45.6	73	53.3	66	70.2	9	64.3	148	60.4
Total	100.0	137	100.0	94	100.0	14	100.0	245	100.0

Source: U.S. Census, HMDA LAR

Based on the information above, the bank's lending to borrowers of different income levels, especially those of low and moderate-income, and businesses of various sizes with small business loans, especially the very small business loans, reflects a good performance.

IV. Community Development Lending

Unibank has granted an adequate level of qualified community development loans. As defined in the revised CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community

services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

The Greater Blackstone Valley Community Loan Program (BVCLP): Unibank is the lead bank in this loan pool of five banks which was created to foster economic activity in the Greater Blackstone Valley, and to promote small business development by offering financing to small entrepreneurs.

BVCLP features a simplified application process; no limits on eligibility (except that the business be operated for profit and be located within the Blackstone Valley) and a credit emphasis placed on history, character, and personal assets. The use of the funds must be for the purchase of business assets or for working capital; repayment can be up to five years. Loans range from \$2,000 to \$15,000. Loan approvals require a positive decision from a majority of the participants in the pool. The pool currently has funds of \$347,000 with Unibank's participation at \$70,000. As the lead bank, Unibank maintains the loan documentation, creates the billing, sends out the denial notices, and keeps an accounting of each participating bank's share.

BVCLP originated 12 loans for \$141,950 in 1999, 9 loans totaling \$74,000 in 2000, and 5 loans for \$46,500 in year to date 2001. The bank's participation is a fifth of outstanding commitments.

V. Innovative or Flexible Lending Practices

Unibank designs and participates in loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. Details of these programs are as follows.

First Time Homebuyer: The bank offers this product to finance the purchase of a one-to-four family, owner-occupied property. The program features a fixed rate for the first three years of the loan and automatically converts to a one-year adjustable note. The qualifying ratios are expanded to 33/38 percent. The maximum loan-to-value is 95 percent. Private mortgage insurance is required. There is no minimum or maximum loan amount. Two percent of the required five percent downpayment may be a gift. In 1999, the bank originated 2 loans totaling \$148,200. During 2000, the bank originated 25 loans totaling \$3,802,005. The bank has made one loan totaling \$225,000 in 2001.

Helping Hand Mortgage Program: Unibank offers this program in conjunction with another area institutions to provide financing for creditworthy, low-income families in the Blackstone Valley region, who cannot obtain conventional mortgage financing. The program offers mortgages up to 30 years at a fixed interest rate set at .50 percent below the current FHLMC rate. Flexible ratios allow up to 32 percent housing debt and 42

percent total debt and a minimum down payment of 3 percent, which may be gifted. There is no PMI required and reduced closing costs apply. The program originated 5 loans in 1999 totaling \$412,950 and 6 loans in 2001 totaling \$561,900.

The bank also has an internal program named Helping Hand. This program was established to provide mortgage financing for creditworthy, low-income families in the Blackstone Valley, who cannot obtain conventional mortgage financing. Maximum household income is set at \$50,000. Expanded ratios of 30 and 38 percent apply with a minimum downpayment of 5 percent of which 2 percent may be gifted. The bank originated one loan totaling \$88,000 in 1999 and one loan for \$123,500 in 2001.

The Greater Blackstone Valley Community Loan Program: Unibank developed this loan program and as the lead bank and in affiliation with four other banks, offers this product to small entrepreneurs. This program is described under the Community Development Lending section.

MHFA Septic Repair Loan Program: The bank participates in this statewide program to offer financial help to homeowners who need to repair a failed septic system. In conjunction with the Massachusetts Housing Finance Agency below-market rate loans are provided to eligible property-owners. To qualify, the property must be an owner-occupied, 1-4 family residential property. An appraisal is not required, and up to 50 percent of the borrower's debt-to-gross income is allowed. Loan amounts range from \$1,000 to \$25,000 at rates of zero, three or five percent for a term of three to twenty years. Unibank underwrites and closes the loan and deposits the funds into an escrow account which are then disbursed upon receipt of Certificate of Completion and Compliance. The loans are then sold to MHFA. During the examination period, 15 loans closed for \$222,436

SBA Loan (7A) Loan Program: Through the bank's participation with the SBA, small businesses may obtain loans at or below market rates with little documentation and limited processing time. The 7a Program offers a variety of loan types to small businesses relying heavily on experience and credit history. The SBA guarantees a portion of the loan which reduces some of the risk to the institution. The bank closed two loans under this program, 1 in 1999 and 1 in 2000 for \$40,000 and \$30,000, respectively.

Freddie Mac's Affordable Gold 97: The bank has recently introduced this program as another choice for potential homebuyers. The program provides fixed-rate financing on single, owner-occupied residences. Borrowers must have strong credit histories. The maximum loan-to-value is 97 percent. The downpayment may come from a combination of sources. There is no maximum housing expense to income ratio and no income limit. Homebuyer education is not required.

FHA Loans: Unibank has recently gone through the approval process to be a HUD/FHA lender. FHA mortgages allow homebuyers the opportunity of financing a home purchase with very little money down. Borrowers must provide at least 3 percent downpayment which may come from various sources, and are then allowed to finance

the FHA premium into the loan. In many cases, there can be over 100 percent financing for homebuyers and there is also the ability to include certain closing costs and points in the loan.

VI. Fair Lending Policies and Practices

The bank's fair lending policy and procedures are comprehensive in nature and address specific areas such as loan review, staff training, fair lending procedures, a loan application and evaluation process as well as applicable rules and regulations regarding the Fair Housing Act, ECOA, and the Consumer Protection Act.

All employees are provided with the appropriate training for their job description and their responsibilities in fair lending issues. This includes information regarding technical requirements as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance. Employees offer counseling, where necessary, for borrowers who need financial assistance.

The bank's staff participates in the activities of area organizations. Unibank markets its services and products to the community through a variety of mediums including print, television, radio, and the internet. Seminars are also conducted in order to inform potential customers of the services the bank provides.

The bank has established a second review program for residential real estate related applications that are slated for denial. The bank's CRA officer conducts quarterly HMDA reviews for reporting accuracy.

Minority Application Flow

Unibank's assessment area contains 85,881 individuals, 1,737 or 2.0 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 0.7 percent Asian, 0.5 percent Black, 0.7 percent Hispanic and 0.04 percent Other.

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. The bank received 653 residential loan applications from within its assessment area. During this period, 9 applications or 1.4 percent were received from minorities. Refer to the following table for further details.

UNIBANK'S MINORITY APPLICATION FLOW*								
RACE	BANK 1999		BANK 2000		BANK 2001		BANK TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<i>Asian</i>	1	0.3%	0	0.0%	0	0.0%	1	0.2%
<i>Black</i>	1	0.3%	0	0.0%	0	0.0%	1	0.2%
<i>Hispanic</i>	0	0.0%	2	1.1%	0	0.0%	2	0.3%
<i>Joint</i>	2	0.6%	2	1.1%	1	0.9%	5	0.7%
<i>Other</i>	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Minority	4	1.2%	4	2.2%	1	0.9%	9	1.4%
<i>White</i>	344	97.7%	185	97.8%	108	96.4%	637	97.5%
<i>NA</i>	4	1.1%	0	0.0%	3	2.7%	7	1.1%
Total	352	100.0%	189	100.0%	112	100.0%	653	100.0%

*Source: PCI Services, Inc., CRA Wiz Software.

An analysis was also performed comparing the bank's application flow levels in 1999 to all other HMDA-reporting lenders. This data indicated that the bank received 1.2 percent of its applications from minority applicants compared to 2.5 percent for all other lenders.

VII. Loss of Affordable Housing

The bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria, has assisted low and moderate-income individuals and small businesses to remain in their neighborhoods.

Conclusion (Lending Test)

Unibank for Savings has originated a substantial number of loans, the majority of which are made within its assessment area. The bank has achieved a good distribution of loans by income level of the geography within its assessment, including residential purchase money mortgages and refinances, equity lines of credit and small business loans. Similarly, loans are fairly equitably distributed among borrowers of different income, including low to moderate-income borrowers. The bank is comparable to the aggregate in its distribution in this regard. Loans to small businesses are for the most part made to businesses with revenues under \$1million dollars. The bank has achieved an adequate level of community development lending, primarily through its pro-rata share in the Greater Blackstone Valley Community Loan Program. The bank also offers a good number of flexible and innovative products, primarily government-sponsored loan products which it has employed successfully during the examination period. Finally, Unibank's Fair Lending activities were found to be comprehensive and to address the stipulations of Regulatory Bulletin 2.3-101, the Division's Fair Lending Guidelines. Overall Unibank for Savings' Lending performance was determined to be High Satisfactory.

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. Unibank is rated "High Satisfactory" in this area. The following describes the institution's qualified investments.

Investments

Federal National Mortgage Association (FNMA)

In 2000 and year to date 2001, the bank purchased two FNMA loan pools located within the bank's assessment area. The loans were originated to low and moderate-income borrowers and have a book value as of March 31, 2001, of \$232,159.

Federal Home Loan Mortgage Corporation (FHLMC)

On November 15, 1999, the bank purchased a FHLMC Gold Loan Pool that contains two loans within the bank's assessment area. This mortgage pool has a status of low to moderate-income and had a total book value as of March 31, 2001, of \$201,543.

Charitable Contributions

The bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for low to moderate-income individuals. During calendar year 1999, the bank provided \$151,354 in charitable contributions, of which \$43,835 or 29 percent was qualified for community development purposes under the CRA regulation. In 2000, the bank provided \$210,673 in charitable donations, of which \$86,200 or 41.0 percent was qualified for community development purposes. As of April 30, 2001 the bank provided \$20,600 in charitable donations that were for community development purposes. The following are examples of these contributions.

- **Alternatives Unlimited, Inc. (AUI):** AUI is a non-profit agency, based in the town of Northbridge, that provides residential, vocational, and transportation services to adults with physical and developmental disabilities in the Blackstone Valley area. Individuals served by AUI are at or near the poverty level and whose only source of income is from SSI. The bank continues to contribute significant financial assistance that enables AUI to purchase equipment that helps provide greater self-sufficiency for individuals served by the organization.
- **Whitin Community Center:** This organization was established in 1922 as a not-for-profit organization that provides social and recreational services for individuals and/or families located within the Blackstone Valley area. In 1999 and 2000, the bank contributed significant financial assistance for the center's Youth Outreach Programs.
- **Worcester Community Action Council, Inc.:** This organization offers fuel assistance to low and moderate-income families. In 2000, the bank contributed significant financial assistance to the organization. All of the bank's contributions are limited to families living in the Blackstone Valley area.
- **Consumer Credit Counseling of Southern New England:** This non-profit organization provides financial counseling and educational programs for families and individuals. Services provided by this organization include seminars on budgeting, money management, and credit histories. The bank's contribution in 2000 helped to fund the costs associated with credit education seminars and one-on-one financial counseling.

CONCLUSION (Investment Test)

As depicted above, UniBank has a good level of qualified community development investments and grants, and has exhibited good responsiveness to credit and community economic development needs. Therefore, the bank's investment performance is rated "High Satisfactory".

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. UniBank's service activities are rated "High Satisfactory".

The bank's systems for delivering retail-banking services are accessible to geographies and individuals of different income levels within its assessment area. The bank's low cost checking and savings accounts, as well as its automated telephone banking system service, are tailored to the convenience and needs of its assessment area.

Officers and employees of the bank have provided a good level of service activity in response to community needs through their involvement in community organizations located in its assessment area. The following details the institution's services.

Retail Banking Services

Distribution of Branches

UniBank's main office is headquartered in the center of downtown Whitinsville, at 49 Church Street, which is designated as a middle-income census tract. In addition to its main office, the bank operates four full service offices in the following communities: Uxbridge, Douglas, Blackstone and Upton. All offices are located in middle-income census tracts. The following details the institution's services.

Record of Closing Branches

The bank maintains a Retail Banking Office Closing Policy. The Board of Directors approved this policy in October of 2000. The plan outlines basic procedures to be followed should the decision be made to close an office. No branch offices have closed since the last FDIC examination dated September 13, 1999.

Alternative Banking Services

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. All of the full service offices offer extended hours during the week, are open Saturday mornings, and are equipped with 24 hour Automated Teller Machines (ATMs). The ATMs are linked to the CIRRUS, NYCE, The Exchange and VISA networks. All of the office locations offer drive-up window service and the Upton office drive-up opens 7:00 am daily. Residential loan applications are also available at each location. The bank is a member of the SUM network that allows the bank's ATM cardholders free use at member institution ATMs.

The bank's Visa Card (debit card) performs all of the same functions as an ATM card plus a credit card. There is no fee charged to customers who use the debit card.

Currently, there are 3 bilingual employees to assist the non-English speaking customers and potential customers at the bank. Second languages include French, Portuguese and Spanish. As a result, the bank is able to provide better service to customers of different ethnic backgrounds.

The bank offers customers 24-hour account access through its automated telephone banking system known as UniBanking by Phone. By utilizing the bank's phone banking, customers can access their accounts, obtain balance inquiries, transfer funds from one account to another and even make loan payments. This service is available to all customers and is free of charge.

Bank by mail service is also provided to all bank customers and prospective customers. Customers commonly use this service to mail in deposits and loan payments. The bank does not charge a fee for this service and postage paid envelopes are furnished to customers.

Other Services

As a participant in The Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, UniBank offers low cost savings and checking accounts. The following details the low cost savings and checking accounts offered by the bank.

Basic Savings: There is no minimum balance necessary and no monthly fees assessed with the direct deposit of a State or Federal monthly benefit. The regular savings account is available in either a statement or a passbook format with ATM card available with the statement savings account.

Basic Checking: The Basic Checking Account requires no minimum balance, allows for 8 free checks per month with a \$2.50 monthly fee. A free ATM card is offered with every account. In addition, depositors that made a direct deposit with a recurring Federal or State monthly benefit are entitled to a non-interest bearing checking account with no minimum balance, no monthly fee or no per check charge. An ATM or debit card is available with direct deposit.

Customers and potential customers can obtain general bank information such as branch hours, branch location, products and services, etc. through the bank's web site at www.unibank.com. In addition, Internet banking allows bank customers to view recent activity on designated accounts, keep an online register, reconcile designated accounts and transfer funds between designated accounts, even make loan payments. Customers can download their account information into their financial software (Quicken® or Money®).

The bank is an active participant in the “Protect Your Savings Program” sponsored by the Executive Office of Elder Affairs, Massachusetts Office of Consumer Affairs and Business Regulation, Attorney General’s Office, The Division of Banks, and the Massachusetts Bankers Association. This program helps bank employees, who suspect that an elderly customer is being financially exploited, by supplying the proper information and administrative tools necessary to intervene on the customer’s behalf. Brochures have been created to help individuals identify these seniors and make sure that proper referral channels have been established. These brochures are available in all of the bank’s lobbies.

The bank is a member of the Massachusetts Bankers Association Foreclosure Prevention Project customers experiencing financial difficulties find viable alternatives to foreclosure.

For the period under review, UniBank paid interest to IOLTA totaling \$28,895.58. Attorneys and law firms maintain these accounts for the short term holding of clients’ funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals.

Community Development Services

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial services. UniBank’s officers and employees are involved with community organizations that address economic and affordable housing development. Through these involvements, the bank’s staff lends their technical expertise, experience and judgment to these organizations. Detailed below are the bank’s qualified community development services.

- **Blackstone Valley Chamber of Commerce:** The bank’s President and CEO serves as the Chairman of the Regional Planning/Economic Development Committee. Completion of the Mass-Pike/Rte 146 Interchange is anticipated to make the towns of the Blackstone Valley more accessible and therefore more desirable for business activity. The Committee’s goals are to attract businesses to the area, which will increase the industrial tax base and provide employment opportunities. The area is experiencing a residential boom, increasing the town’s costs to provide services such as schools, police and fire protection. An expanded industrial base is deemed necessary to keep real estate taxes affordable for low and moderate-income individuals in the area.
- **Greater Blackstone Valley Community Loan Program:** The bank’s Executive Vice President and Senior Loan Officer serves as Chairman of this revolving micro loan pool. This program was established in 1995 as a consortium of five banks and UniBank is the originator of the program and services all the loans. The Chairman

conducts periodic meetings with representatives of the other banks to evaluate the performance of the loan program, review approved and declined loan applications, and determines if any changes are needed.

- **Grafton Job Corps:** The bank's Senior Vice President of Retail & Marketing serves on the Community Advisory Board of the Grafton Job Corp. The organization's purpose is to provide job skill training for low and moderate-income individuals between the ages of 18 to 25. The bank's Senior Vice President is involved in making decisions pertaining to the outreach efforts of the organization. She also assists placing students in volunteer positions and placing interns into the work force. The students, many of whom are high school dropouts, are given the opportunity to acquire skills to help them become productive members of the community.
- **Tri Valley Elders Service:** The bank's Assistant Vice President/ Branch Manager serves as a Money Manager for this organization. The Money Manager program assists the elderly population with all financial matters including bill paying and account reconciliation.
- **Salvation Army:** The bank's Assistant Vice President /Branch Manager serves as the Treasurer of the East Douglas Service Unit of the organization. This organization serves the most needy in the community in the way of shelter, clothing and various other programs.

In addition to the above noted organizations, officers, employees and board members of UniBank are also actively involved in Business Associations in many communities within its assessment area.

Other organizations that officers and employees lend their technical expertise to include civic, charitable, religious and fraternal organizations located throughout the assessment area.

Educational Seminars

Bank officers and employees have also participated in seminars and other events sponsored or co-sponsored by the bank during 1999, 2000 and YTD May 7, 2001. These events provide opportunities for bank representatives to inform attendees about the products and services offered by the bank and to gain information about unmet credit needs in the assessment area.

- UniBank continues to offer its money management program entitled "Your Checking Account". The program instructs high school students on the importance of proper money management. The bank also provides "Your Checking Account" kits that are used as a reference tool and are distributed to local high schools. Several bank employees have presented this program at the local area high schools for the period under review.

- On June 14, 1999 the bank's Senior Vice President of Retail Banking/Marketing Manager addressed the First Congregational Church/Millbury Congregational Church on the importance of budgeting and the responsible use of credit.
- On November 21, 2000, the bank's collection officer addressed junior and senior high school students at Uxbridge High School. The topics covered the importance of credit. In addition, the foreclosure and repossession process was explained.
- On April 11, 2001, the bank's collection officer discussed credit at the "Financial Literacy Project" seminar offered at the Woman's Center for Wellness in Hopedale Massachusetts.

CONCLUSION (Service Test)

As illustrated above, officers and employees of UniBank demonstrated a good level of service activity and involvement in community organizations throughout its assessment area. The bank's products and alternative banking services are tailored to the convenience and needs of its assessment area. Therefore, a rating of "High Satisfactory" is accorded.

APPENDIX A

SCOPE OF EXAMINATION

As of the close of business, May 7, 2001, a review of compliance with applicable consumer and fair lending rules and regulations and a CRA examination, performed under the large institution regulations, was conducted at UniBank's main office located in Northbridge, Massachusetts. The examination period reviewed included the years 1999, 2000, and year-to-date April 15, 2001. The bank's lending products reviewed at the examination include residential mortgage loans, small business loans, and home equity lines of credit. Twenty-four census tracts located in the Boston and Worcester MSAs were evaluated. Six census tracts were not included in this evaluation due to the limited lending opportunities that exist.

Unibank's Investment and Service Tests were also reviewed. Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the bank's Public File, which contained no negative CRA-related comments.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

UNIBANK FOR SAVINGS

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **MAY 7, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

